



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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801-538-5340

March 16, 1992

Mr. Frederick D. Fox
Director, Environmental Affairs
Kennecott Utah Copper Corporation
P.O. Box 525
Bingham Canyon, Utah 84006-0525

Dear Mr. Fox:

Re: Request for Updated Reclamation Surety Amount, Kennecott Utah Copper (KUC), Pine Canyon Reclamation Project, M/045/004, Tooele County, Utah

The Division has completed its evaluation of the supplemental surety information which was provided by KUC in response to our February 5, 1992 deficiency letter. The supplemental information has been determined complete. However, due to an earlier oversight, we failed to indicate in our February 5th letter that the \$72,400 surety amount is not sufficient to cover projected reclamation costs at the Pine Canyon Mine.

The \$72,400 dollar amount was calculated in 1990 by KUC in response to the Division's October 24, 1989 tentative approval of the Pine Canyon final reclamation proposal. In an April 10, 1990, response (copy attached), the Division indicated that the reclamation surety dollar amount would need to be escalated into 1995 dollars which amounted to \$84,800. Because two years have passed since that earlier estimate was calculated, a revised estimate in 1997 dollars has been prepared (copy attached). The escalation factor has changed since our 1990 calculation which effectively reduces the required surety amount to **\$82,400** (1997 dollars).

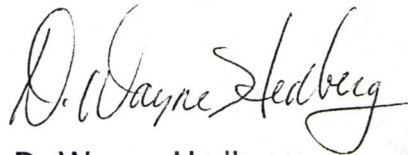
Should KUC choose to stay with the current Irrevocable Letter of Credit (ILOC), as the preferred form of surety, then a rider to the current ILOC would be acceptable to the Division. If acceptable to your legal counsel, we will revise the Reclamation Contract (FORM MR-RC) to reflect the change in dollar amount, thereby eliminating the need to fill out a new form.

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Mr. Fred D. Fox
M/045/004
March 16, 1992

We have also noted that the required corporate signature has not been completed on page 5 of 9, of the Reclamation Contract form. We are returning this page for the appropriate signature.

We appreciate your continued cooperation and understanding in this regard. We anticipate seeking the Board of Oil, Gas and Mining's approval of the amount and form of surety, during the April 22, 1992 hearing. To meet this timeframe we will need to have all of the revised information from KUC no later than April 8, 1992. Please contact me directly should you have remaining questions or concerns in this matter.

Sincerely,

A handwritten signature in cursive script, reading "D. Wayne Hedberg". The signature is written in dark ink and is positioned above the printed name and title.

D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program

attachments

jb

cc: Lowell Braxton, DOGM
M045004.2

Reclamation Estimate Kennecott Utah Copper Pine Canyon Mine Tooele County	(Revised 3/17/92) M/045/004
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Prepared by Utah State Division of Oil, Gas & Mining

<u>Description</u>	<u>Quantity</u>	<u>Unit</u>	<u>\$/Unit</u>	<u>Cost(\$)</u>
Flume Removal	10,210	LF	2.00	20,420
Waste Rock Removal	500	CY	5.00	2,500
Power Pole Demolition	30	pole	180.00	5,400
Railroad Track Demolition	500	ft	13.80	6,900
Construct Retention Berms	2,892	CY	1.31	3,789
Construct Portal Bulkhead	18	LF	105.00	1,890
Backfill Portal	595	CY	3.16	1,880
Concrete Box Demolition	256	SF	13.20	3,379
Cover Ripped Pad Area w/12" Topsoil	200	CY	3.16	632
Headframe Openings & Hardware	-----	-----	sum	4,000
Scarify the Area	6.5	acre	120.00	780
Apply Fertilizer	6.5	acre	700.00	4,550
Seed the Area	6.5	acre	490.00	3,185
Apply Mulch	6.5	acre	870.00	5,655
Apply Urea	6.5	acre	290.00	1,885
Riprap	22	CY	44.00	968
Monitor the Area for 3 Years	12	day	160.00	1,920
Miscellaneous Projects Not Listed	-----	-----	sum	600
SUBTOTAL				70,333
+10% CONTINGENCY				7,033
SUBTOTAL				77,366
ESCALATION (1.27% FOR 5 YRS)				5,039
TOTAL				82,405
ROUNDED TOTAL (1997-\$)				82,400

Miscellaneous Projects Not Listed

Flume backfill
Demolition of boxes & pipe along flume
Construction of tunnel discharge channel
Ripping pad area near portal
Constructing asphalt water bar
Crimping the applied mulch
Erosion control mats for berm spillways

from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.

13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

SO AGREED this _____ day of _____, 19_____.

Operator

AND APPROVED AS TO FORM

Corporate
Signature
required here
(do not fill in the)
date please

BY _____
James W. Carter, Chairn
Utah State Board of Oil,

Note: please see
attached alternative
sheet, page 5 of 9

resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.

13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

*Corporate
signature
and date*



Operator (Typed or Printed)

Operator Signature

Date

SO AGREED this _____ day of _____, 19____.

AND APPROVED AS TO FORM AND AMOUNT OF SURETY:

BY _____

James W. Carter, Chairman
Utah State Board of Oil, Gas and Mining

Preferred
This is a ^{more} recently revised page which Kennecott may choose to utilize in place of the original page 5 of 9. It has been revised to eliminate "confusion" over who fills in the date on "older" page 5 of 9. Either signed page would be acceptable to DGM.